



# Enhancing Moore County as a Place to Live and Visit Through Smart Occupancy Tax Investments

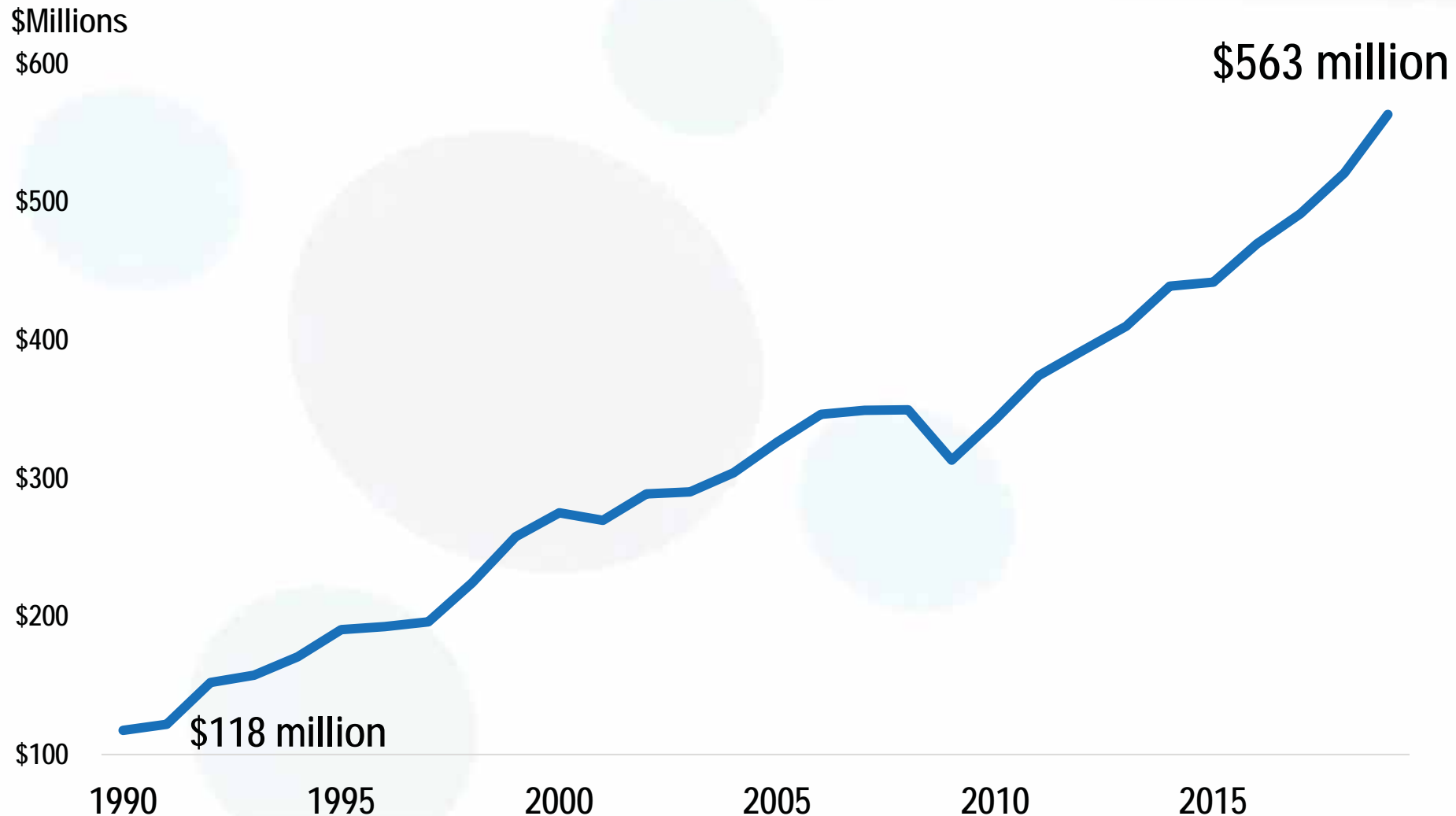
Chris Cavanaugh  
Magellan Strategy Group

# Why Invest in the Destination?

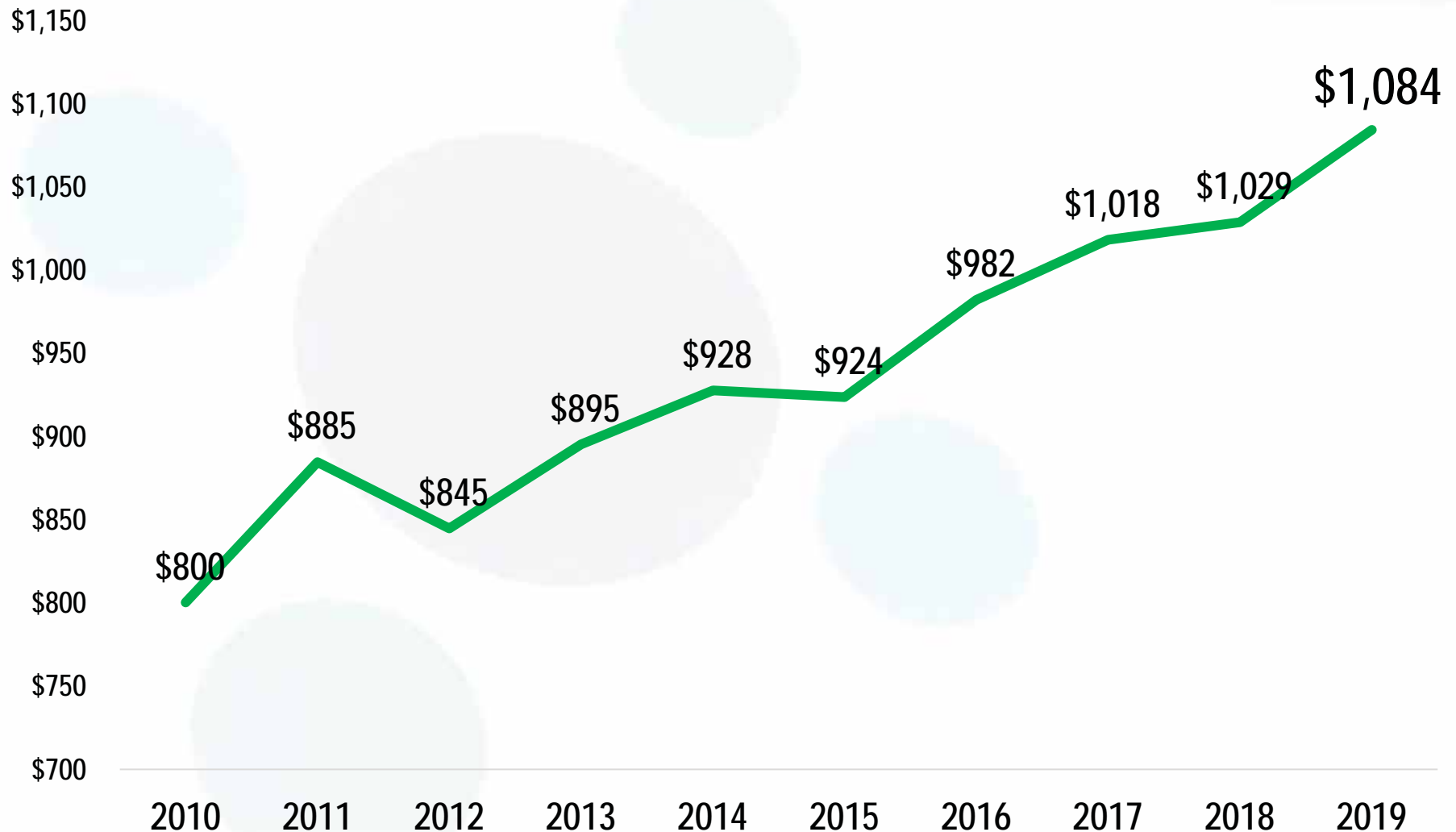
- Moore County tourism is a \$563 million brand.
- Tourism is one of the most effective ways of supporting small businesses.
- In 2019, tourism generated \$1,084 in combined local and state tax savings for every Moore County household.
- The “Halo Effect” of destination promotion is real.



# Moore County Annual Visitor Expenditures, 1990-2019



# Local and State Tax Savings Generated by Tourism per Moore County Household, 2010-2019







MAPPED.  
BUT NOT TAMED.

*North Dakota*  
LEGENDARY



LegendaryND.com

# Those who saw the North Dakota tourism campaign were more likely to think of ND as...



A good place to live? Yes, up 41%.

A place to start a career? Yes, up 100%.

A place to start a business? Yes, up 75%.

A place to attend college? Yes, up 87%.

A place to purchase a second home? Yes, up 113%

A place to retire? Yes, up 75%.

# What is “Destination Enhancement”?

## 1. *Brick-and-mortar capital projects*

- Convention centers
- Arenas and stadiums
- Other sports facilities
- Performing arts venues
- Attractions like museums
- Parks, greenways, and trails
- “Placemaking” initiatives, such as streetscapes and public art
- Visitor centers
- Wayfinding





# What is “Destination Enhancement”?

## 2. “Soft” product, typically non-capital investments

- Festivals and events
- Sporting events
- Concerts
- Exhibitions



# What is “Destination Enhancement”?

## 3. *Other Examples*

- Beach renourishment
- Maintaining the visit experience
- Holiday decorations, etc.
- Marketing-focused “trails” that tie together existing assets (Kentucky Bourbon Trail, etc.)



# Evolving from Destination Marketer to Destination Manager

## “Old School” Destination Marketing Organizations...

- Mostly sales and marketing focused—highly traditional
- Little emphasis upon the destination brand
- Little collaboration with local governments and economic development entities



# New Roles of a Destination Management Organization

- Destination sales and marketing
- Catalyst for tourism enhancement
- Active (rather than passive) supporter of tourism growth
- Helps identify sources of project funding
- Works closely with local, state, and federal governments
- Critical partner in economic development
- Brings stakeholders together for collaboration and mutual benefit





# Some Characteristics of Successful Destination Enhancement

- Supports the brand
- Has clear strategic objectives
- Has realistic success expectations
- Has a well-defined target audience
- Builds upon destination strengths
- Enhances quality of life
- Has a good business plan
- Has an implementation plan
- Accessible to visitors
- Measurable success metrics
- Has buy-in
- Meets a visitor need



“This current destination asset

PLUS

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would make us a better place to live and visit.”

# NC Occupancy Tax and Tourism Development Authority Components

## Legislation

- Mandate
- *Already in place in Moore County*

## Policy

- Manage Risk
- Provide Legal Protection
- Establish Priorities

## Process

- Clarity
- Efficiency
- Accountability

# Moore County Occupancy Tax Legislation

Authorized by the General Assembly in 2015



In Moore County (and many NC destinations), occupancy taxes can be invested in two ways as mandated by your legislation:

- At least 2/3 for the promotion of tourism: *"To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area."*
- Up to 1/3 for "tourism-related expenditures": *"Expenditures that, in the judgement of the Moore County TDA, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures."*



# “Tourism-Related” Expenditures

- Before occupancy tax guidelines were adopted by the House of Representatives in 1997, a few communities allocated taxes to their general fund or to areas such as fire, police, and waste disposal.
- Guidelines allow for permissible uses of up to 1/3 of tax revenue for beach nourishment in coastal NC destinations and “tourism-related expenditures.”
- “*Tourism-related*” has been used to justify a variety of expenditures in other communities, some of which are model practices and some of which are legally questionable.

What's a "tourism-related expenditure"?



# CURRITUCK SLAPPED WITH SUIT OVER \$40 MILLION IN OCCUPANCY TAX SPENDING

🕒 May 23, 2019   👤 OBX Today   📁 Featured   💬 Comments Off







# Uses of NC Occupancy Tax Funding: Potential Options

*A. Dedicated funding for construction and/or operation of a specific large tourism-related capital project, such as a convention center, auditorium, stadium, or arena*

- Requires years of planning for a specific project before legislation can be drafted and approved for direct funding support.
- Relatively low amount of occupancy tax revenue funding available for debt service on a major project.
- No flexibility for other project funding—ties up funding support for many years to come.
- Funded projects (like convention centers) may or may not be used by residents.

# Uses of NC Occupancy Tax Funding: Potential Options

## *B. Event Grants*

- Popular in many destinations as a means of supporting events which drive visitation, enhance the destination, and support the brand.
- Typically awarded via a competitive application process.
- A strong event grant funding process should have valid and transparent criteria for awards.
- Not all events contribute to visitation, enhance the destination, or support the brand, so they must be awarded in keeping with the board's fiduciary duty.

# Uses of NC Occupancy Tax Funding: Potential Options



## *C. Tourism-related Destination Enhancement Grants*

### Example: Buncombe County Tourism Product Development Fund (TPDF)

- Only bricks-and-mortar capital projects.
- Grants distributed via a competitive application and review process.
- Legislation: *"To be a qualified project, a project must be expected to significantly increase patronage of lodging facilities."*
- 1.5% of total 6% occupancy tax rate currently dedicated to fund.
- Fund can build a balance and need not be exhausted in a single year.
- Cannot be the only source of funding—at least 50% match required.
- Largest source of grant funding in western North Carolina until 2020.

# BUNCOMBE COUNTY TOURISM PRODUCT DEVELOPMENT FUND

\$44 MILLION IN TPDF GRANTS  
AWARDED TO 39 COMMUNITY  
PROJECTS SINCE 2001

INCLUDING \$22 MILLION FOR CITY OF  
ASHEVILLE-OWNED ASSETS

# ASHEVILLE COMMUNITY THEATRE

## THEATRE EXPANSION & RENOVATION





# NORTH CAROLINA ARBORETUM

## BONSAI GARDEN, LIGHTS, & PARKING EXPANSION



2003 & 2018

**\$1,655,000**

# ASHEVILLE ART MUSEUM

## MUSEUM EXPANSION & RENOVATION



David Huff Creative

2007, 2009

**\$1,500,000**



# CITY OF ASHEVILLE

## ARENA RENOVATIONS



2010, 2012, 2013,  
2016

**\$5,675,000**

# RIVERFRONT DESTINATION DEVELOPMENT





# WOODFIN GREENWAY & BLUEWAY



2017

**\$2,250,000**

# ASHEVILLE BUNCOMBE YOUTH SOCCER ASSOCIATION

JOHN B. LEWIS SOCCER COMPLEX



2002, 2004, 2009,  
2015

**\$2,300,000**

# UNC ASHEVILLE

## SPORTS FIELD LIGHTING



2013

**\$500,000**



# MONTREAT COLLEGE

## PULLIAM STADIUM PHASE II



2016

**\$350,000**

# ENKA YOUTH SPORTS ORGANIZATION

## BOB LEWIS BALLPARK



2014

**\$2,000,000**



# NATIONAL CRAFT INNOVATION HUB

## CENTER FOR CRAFT

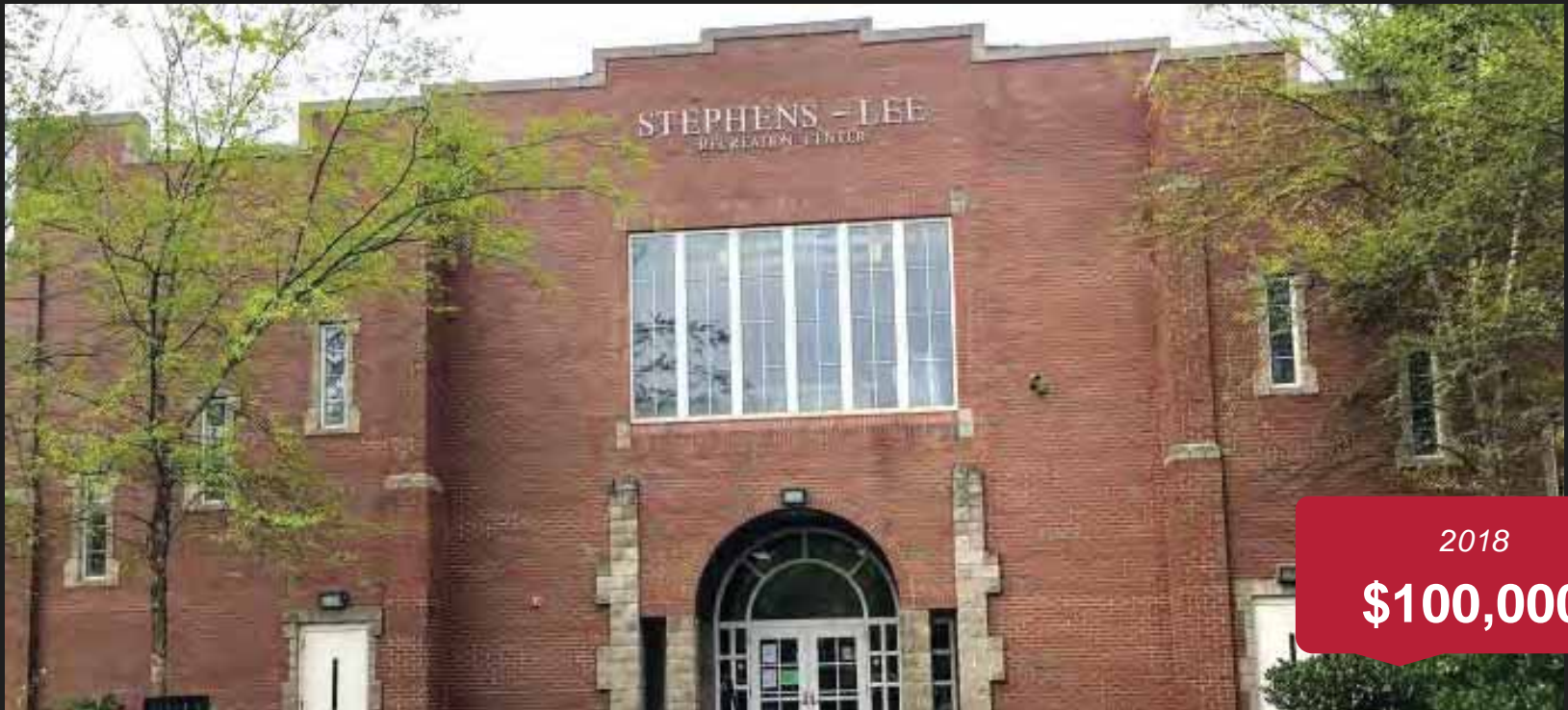


Alyssa Ruberto

2018

**\$975,000**

# AFRICAN AMERICAN HERITAGE MUSEUM AT STEPHENS-LEE RECREATION CENTER RIVER FRONT DEVELOPMENT GROUP



2018

**\$100,000**

# Salisbury and Rowan County

- 2012 tourism master plan jumpstarted a focus upon destination enhancement.
- *Enhancement first, then marketing.*
- Enabled a holistic approach to growth of the visitor economy.
- Focus is on both short-term (room nights) and long-term (benefit to the community and destination) objectives.
- *“How does the investment build the visitor economy?”*





# Salisbury and Rowan County

Destination enhancement support via:

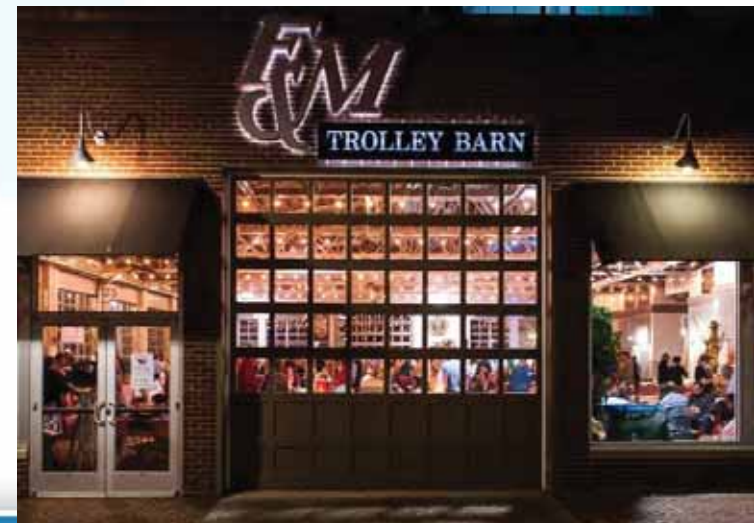
*Tourism Capital Grands*

*Tourism Marketing & Sponsorship Funds*

*Lending Support*

*In-kind Services*

- Planning assistance, public relations, advertising, administration



# Enhancing Moore County as a Place to Live and Visit

Focus upon what you can do as a community with this opportunity, not what you can't.

How can occupancy tax revenues best be leveraged for the good of the entire destination as a strategic investment?

Success requires...

- Collaboration
- Discipline
- Policy
- Process
- Vision





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